



# Air Connectivity Strategy

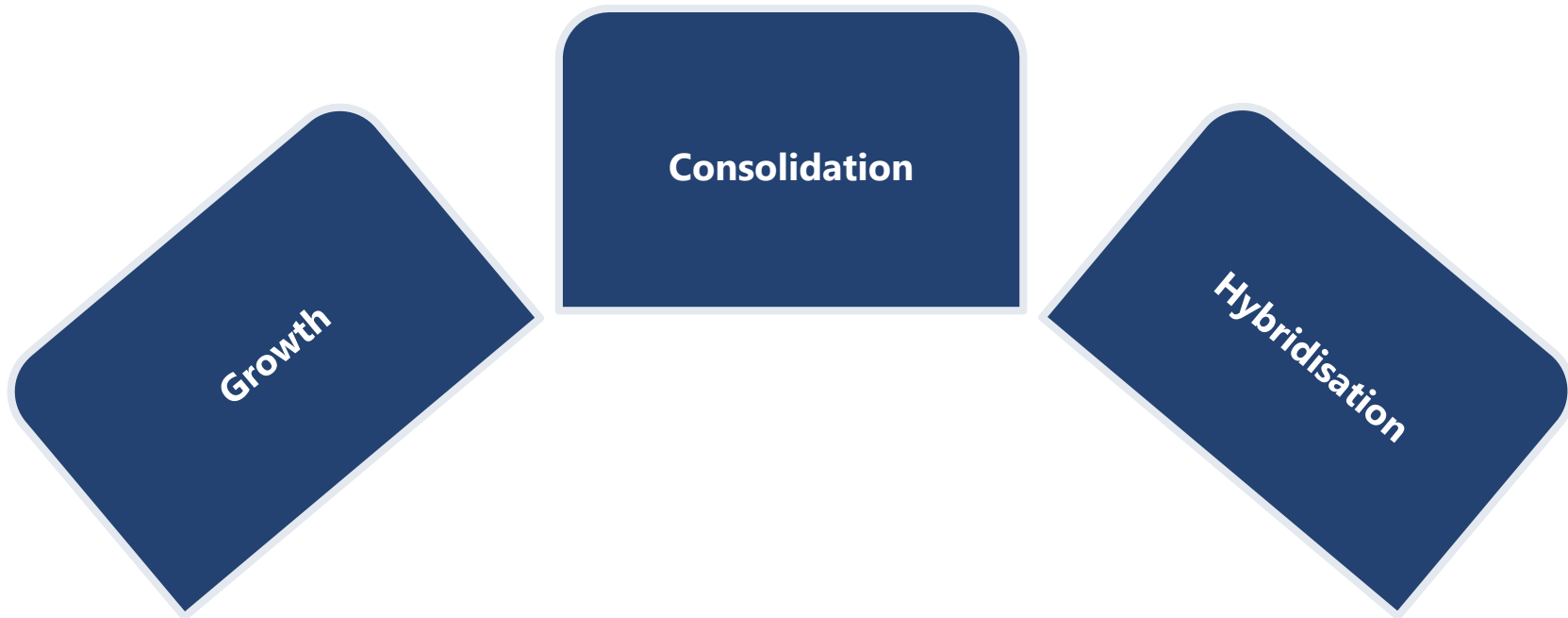
Presentation to Cyprus Hotel  
Association

*26 February 2019*

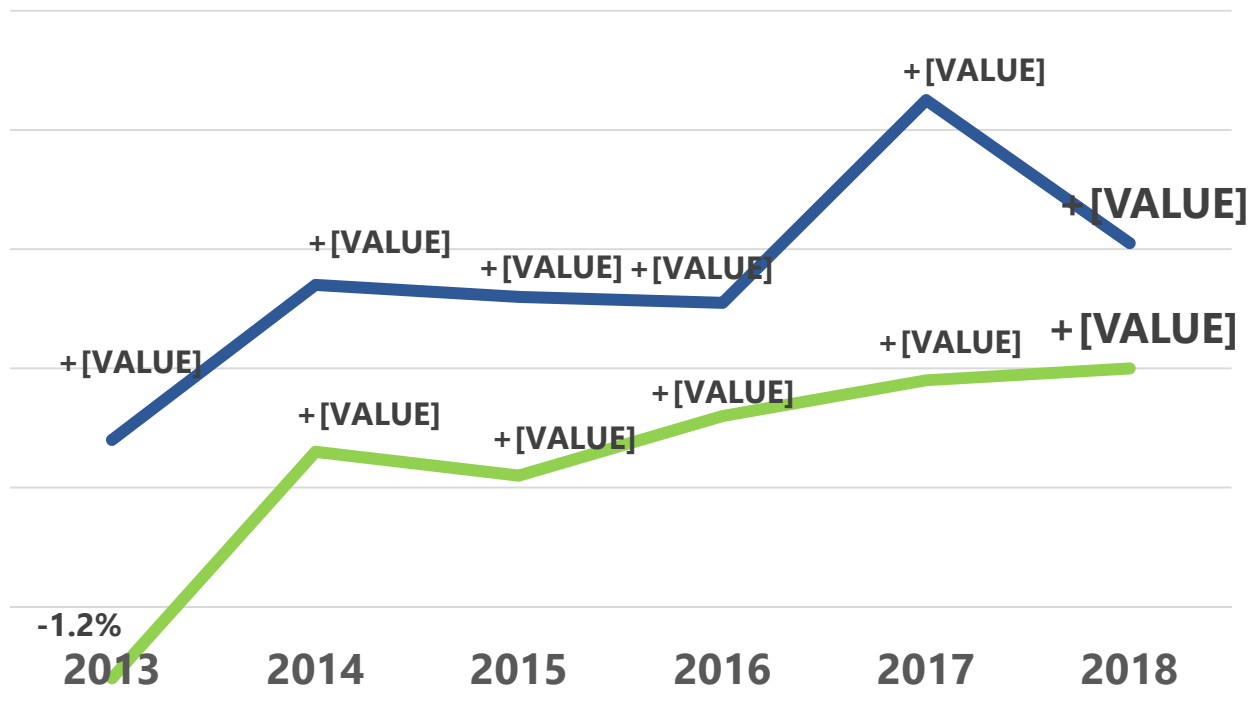


# Airline Industry – State of Affairs

### 3 Industry is characterised by



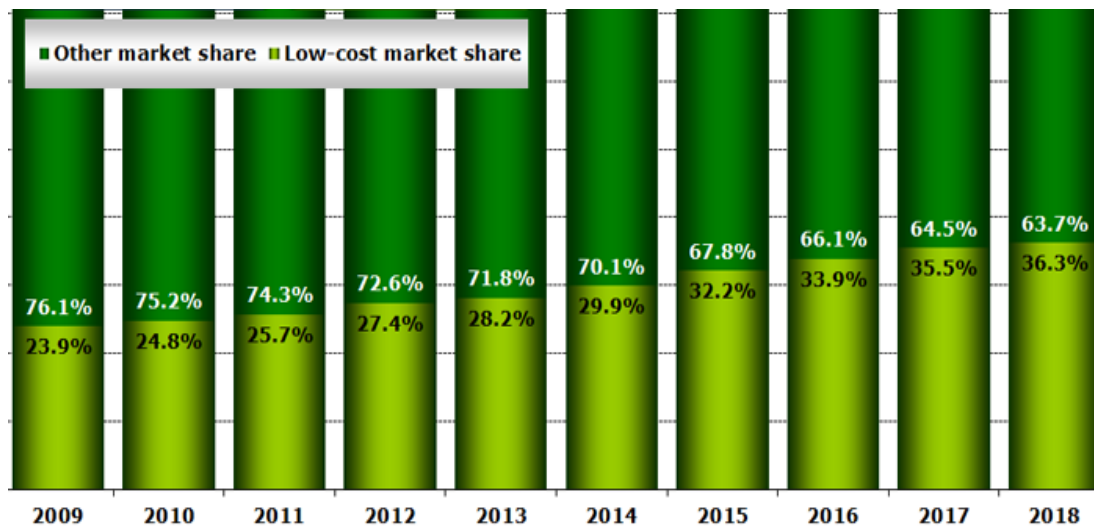
## European Traffic – A story of growth



# Growth led by LCCs

## European low-cost market 2009-2018

Annual market share of European seats from 2009 to 2018



LCC capacity in Europe set for half a billion seats in 2018; nine nations already at 50% market share;

Source: OAG Schedules Analysts data.  
European share forecast for 50% in 2027 - Anna Aero

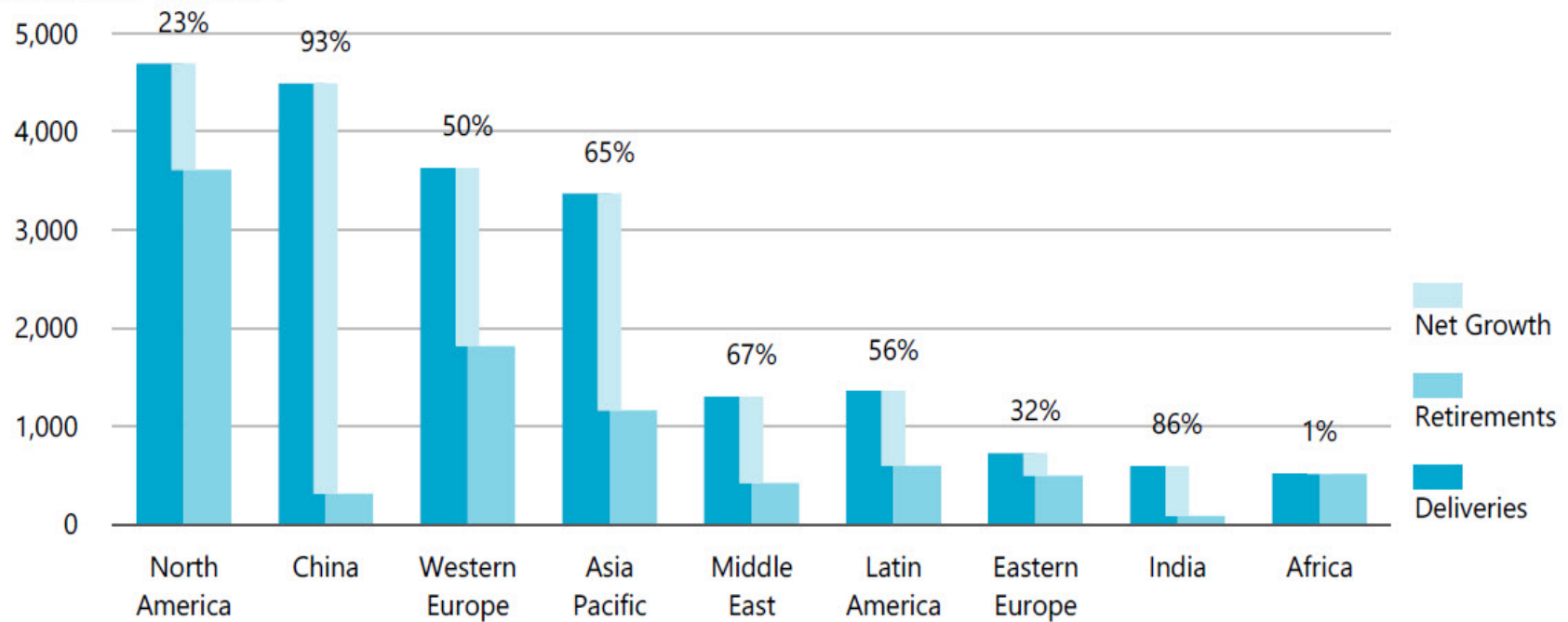
## Direct Connectivity Intra Europe (2018 vs. 2008)



ACI Airport Industry  
Connectivity Report 2018

# Global Fleet Orders until 2030

NUMBER OF AIRCRAFT



Source: Oliver Wyman Global Fleet & MRO Market Forecasts

## 7 Fading Momentum for now...

### SIGNS OF SLOWING DOWN DUE TO

FUEL PRICES

ECONOMIC DECELERATION

GEOPOLITICAL CONDITIONS – BREXIT

PRESSURE ON AIRLINE YIELDS

# Consolidation



Assets taken by Lufthansa & easyJet



BA acquired LGW slots



**Airlines Collapse**

**Buyouts**



Delta Airlines & easyJet considering 400m Euros investment



100% buyout by Ryanair

**65-70% of the European market controlled by major airline groups and LCCs**



# Consolidation

## Major European LCC's



## AF-KLM Group



## LH Group



## IAG Group



# Hybridization - Convergence of airline models

## LOW COST

Move up Scale

Wider distribution

Fleet flexibility

Fly to major airports/fly longer routes

Hub feeding

Seat assignment

**CUSTOMER**

**Seeking value for money travel**

## FULL SERVICE

Establishing their own LCC branch

Introduce charges for baggage, seat and food

Reduce intermediaries to improve distribution cost

Multi hub strategies

# Airlines holidays business units

Airlines going back to the basics



Promoting leisure destinations



Higher profit margin

**Jet2holidays**  
Package holidays you can trust

**easyJet**  
holidays

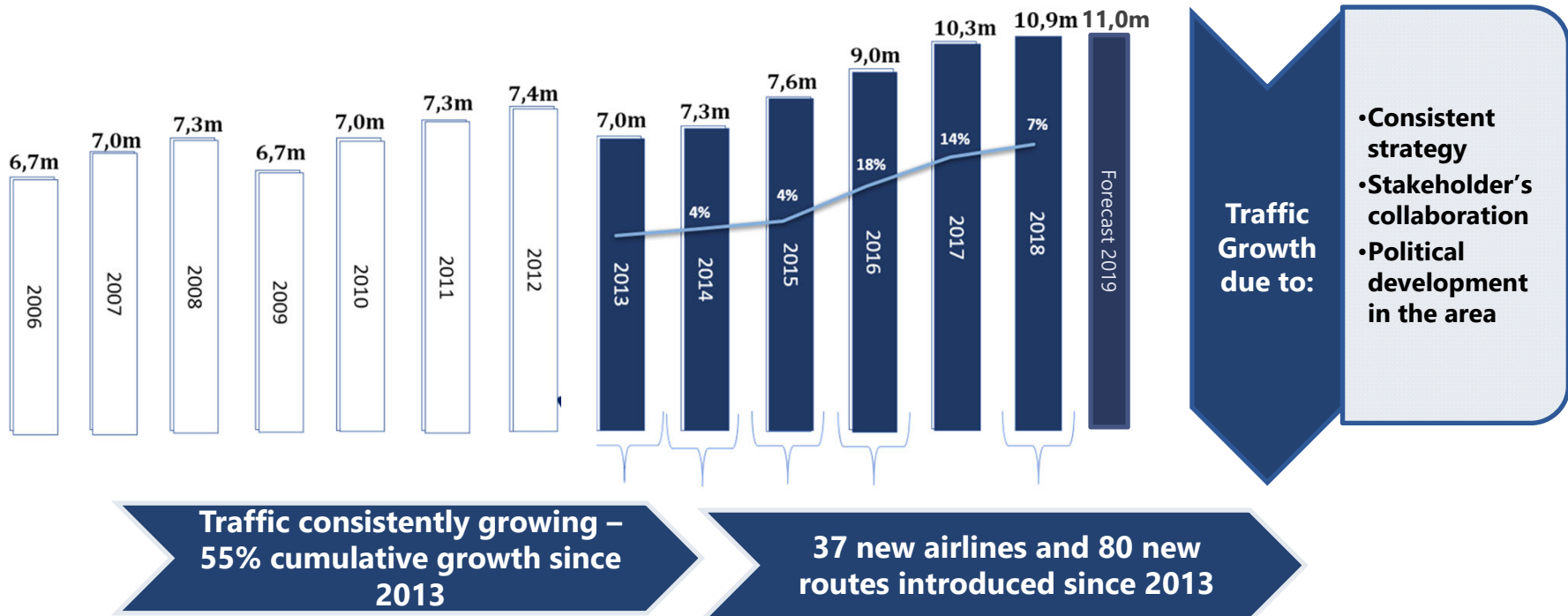
**norwegian**  
HOLIDAYS

 **Lufthansa**  
Holidays

 **HERMES**  
REPORTS

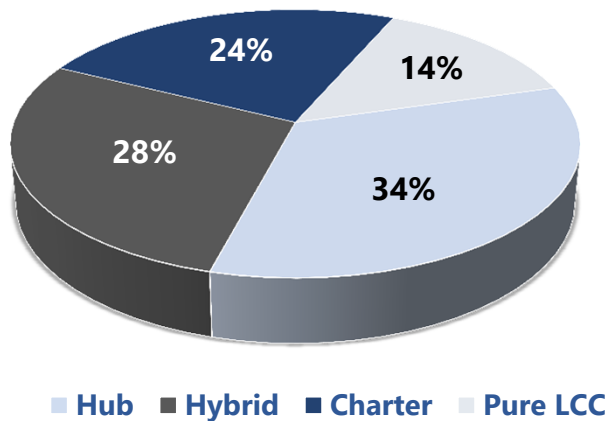
# Cyprus Air Connectivity

# Passenger Traffic - Cyprus



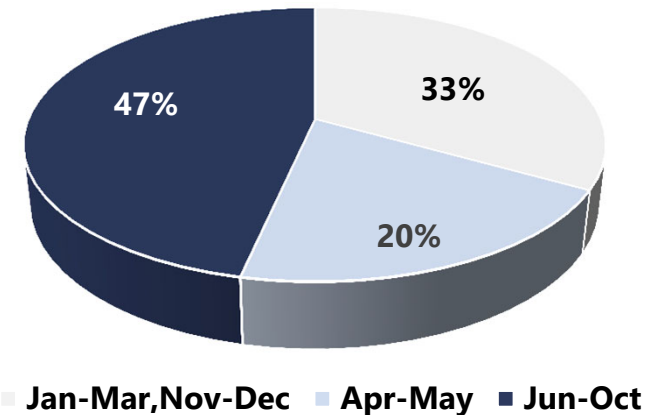
# Airline type – Winter Growth

**2018 Traffic – By Airline type**



Major Winter Growth coming from LCC's and Hybrid carriers

**2018 Growth by period**



**43 airlines operating and 61 destinations served during Winter months**

# Wide Coverage of Flights



Served markets



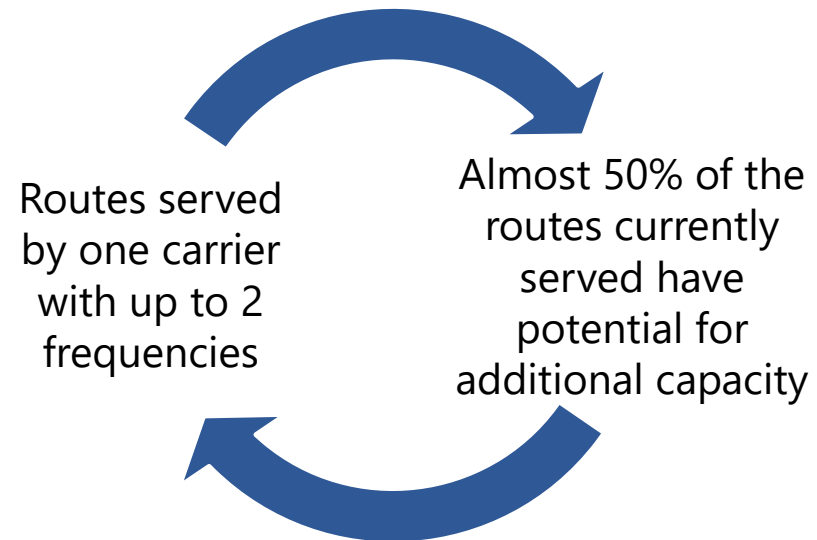
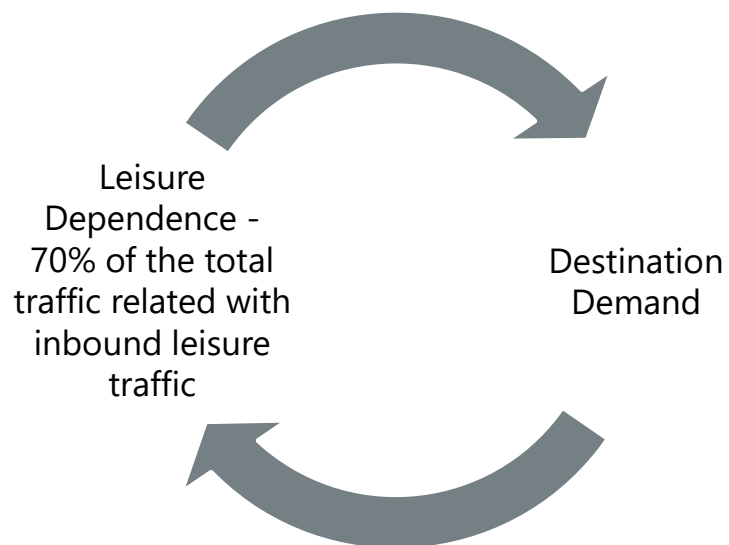
Served - potential for Winter operation



Served - potential for new entrants/frequencies/destinations



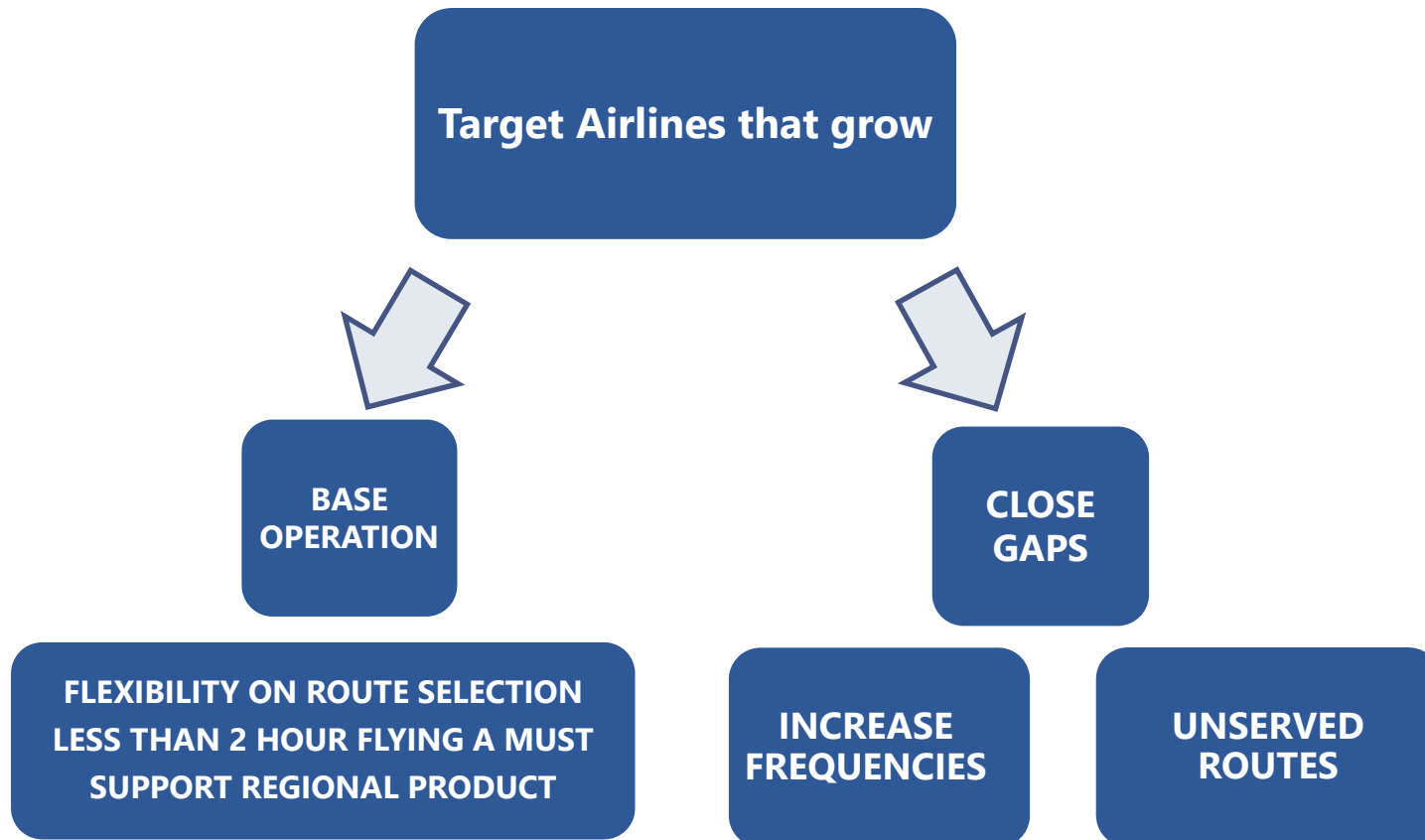
# Air connectivity depended on leisure demand



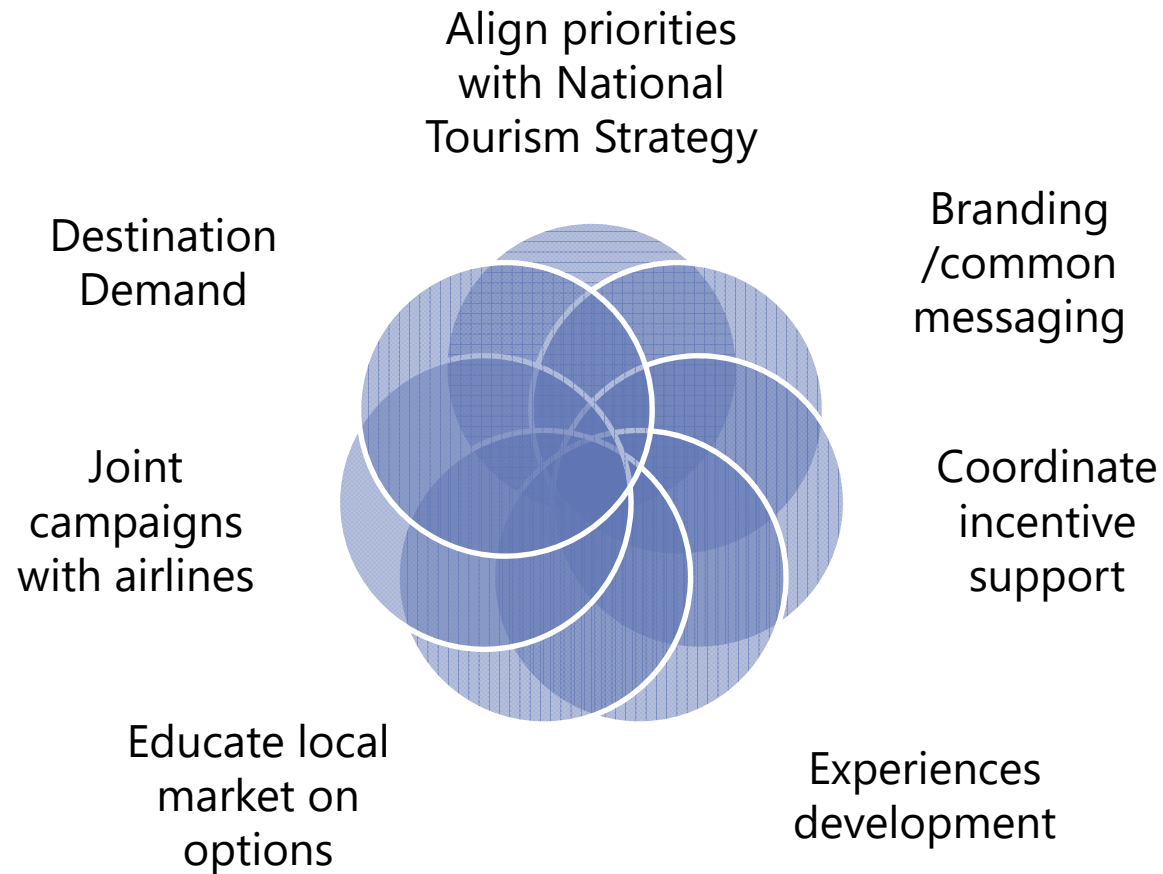


# WAY FORWARD

# Develop Demand – Explore Supply Opportunities



# Collective Effort with Stakeholders



THANK YOU

